STATE OF MICHIGAN

IN THE SUPREME COURT

CITY OF HUNTINGTON WOODS, a Michigan Municipal Corporation, and CITY OF PLEASANT RIDGE, a Michigan Municipal Corporation,

Plaintiffs/Counter-Defendants/Appellants,

v.

CITY OF OAK PARK, a Michigan Municipal Corporation, and 45th DISTRICT COURT, a Division of the State of Michigan, jointly and severally,

Defendants/Counter-Plaintiffs/Appellees.

Supreme Court No. 152035

Court of Appeals No. 321414

Oakland County Circuit Court
Case No. 13-135842-CZ

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APPELLEE 45TH DISTRICT COURT'S RESPONSE IN OPPOSITION TO APPELLANTS CITY OF HUNTINGTON WOODS' AND PLEASANT RIDGE'S APPLICATION FOR LEAVE TO APPEAL

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Defendant-Appellee 45th District Court Answers: "No"

Plaintiff-Appellants Answer: "Yes"

II. Should this Court grant leave to appeal to consider whether the Court of Appeals erred in holding that there was no agreement pursuant to MCL 600.8104(3) among Appellants and City of Oak Park which waived or otherwise modified Appellants' statutory obligation to share in the expenses of operating the 45th District Court and financial contribute thereto?

Defendant-Appellee City of Oak Park Answers: "No"

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Plaintiff-Appellants Answer: "Yes"

III. Should this Court grant leave to appeal to consider whether the Court of Appeals erred in applying established principles of statutory construction to determine that the monies assessed and collected by the 45th District Court for the building construction fund and retiree health care fund are not costs subject to distribution under MCL 600.8379, but instead, are fees as similarly defined under MCL 600.4801?

Defendant-Appellee City of Oak Park Answers: "No"

Defendant-Appellee 45th District Court Answers: "No"

Plaintiff-Appellants Answer: "Yes"

I. INTRODUCTION

This matter is a funding dispute between Plaintiffs-Appellants City of Huntington Woods ("Huntington Woods") and City of Pleasant Ridge ("Pleasant Ridge") (collectively, "Appellants") and Defendant-Appellee City of Oak Park ("Oak Park") over the financing and maintenance of Defendant-Appellee 45th District Court ("45th District Court") (together with Oak Park, "Appellees"). The 45th District Court serves as the judicial district court for the communities of Huntington Woods, Pleasant Ridge, Oak Park, and non-party Royal Oak Township.[1] The 45th District Court relies upon appropriations from these communities which are statutorily designated as funding units and required to proportionally fund the 45th District Court pursuant to MCL 600.8104 and MCL 600.8271(1). Appellants, however, have failed to meet their statutory obligation since the creation of the 45th District Court in 1975 (formerly 45B District Court).

The 45th District Court's overall operation is consequently tenuous because it is continuously underfunded due to Appellants' failure and refusal to contribute their proportional share of funding to the 45th District Court. Historically, the 45th District Court had to rely upon Oak Park to provide a limited operating budget. However, Oak Park previously notified Appellants that it would no longer assume their portion of the 45th District Court's costs and expenses, and thus, would not forthwith contribute additional funding to the 45th District Court beyond its statutory funding obligation.

With dire financial conditions threatening to affect the 45th District Court's service to the communities, the 45th District Court, beginning in 1995, assessed two specific fees—court building construction fee and retiree healthcare fee—to temporarily secure its continued

[1]Royal Oak Township filed a separate, yet similar lawsuit suit against Appellees. That matter, however, has been stayed pending the outcome of this case.

operation. Notwithstanding such collection of the two fees, the 45th District Court is still overwhelmingly underfunded and struggles to meet the requisite standards to transact business in an organized, expeditious, and safe manner per the regulations and guidelines of the State Court Administrative Office ("SCAO").

Given such circumstances, a dispute arose between the parties regarding the communities' responsibilities as district funding units and the distribution of court revenue. Appellants claim that an attenuated and misconstrued reading of a single sentence out of the entire Revised Judicature Act of 1961—MCL 600.8104(2)—absolve them from all responsibilities of funding the 45th District Court. In the alternative, they claim that the parties reached a fictitious agreement in 1974 waiving Appellants' obligation to fund the 45th District Court. Further, while refusing to contribute to the operation of the 45th District Court, Appellants simultaneously demand distribution of the two fees the 45th District Court collected in direct response to the underfunding of the 45th District Court.

This dispute was brought before the trial court, which after reviewing the political subdivisions' funding obligations under the relevant statutes, held that each municipality shall properly and proportionally fund the 45th District Court forthwith. The trial court further ordered that the two fees imposed by the 45th District Court are not subject to distribution to the Appellants because they are imposed and designated as specific fees and shall be used accordingly for their specific purposes.

Thereafter, Appellants appealed this decision to the Michigan Court of Appeals. However, on June 11, 2015, the Michigan Court of Appeals affirmed the trial court's decision. Particularly, after reviewing the entire Revised Judicature Act and considering all provisions in context with each other, the Michigan Court of Appeals succinctly held in its published opinion:

> By using the mandatory term "shall," instead of the permissive term "may," MCL 600.8271(1) clearly requires each district funding unit to provide funding for the district court. Reading these provisions of the Revised Judicature Act together, in accordance with the doctrine of *in pari materia*, the statutory scheme clearly imposes on all district funding units in a third-class district a duty to provide financial support for the district court, regardless of which political subdivision the court is seated. [**Exhibit 1**, Opinion at pg. 7.]

As affirmed by the Michigan Court of Appeals and further described herein, the governing statutory provisions (i.e., MCL 600.8104 and MCL 600.8271(1)) unambiguously require that all the municipalities in this matter, including Appellants and Royal Oak Township, shall proportionately fund the 45th District Court. Appellants claim to the contrary is without merit as further described herein. Therefore, the 45th District court respectfully requests that this Honorable Court deny Appellants' Application for Leave to Appeal.

II. COUNTER-STATEMENT OF FACTS

Because Appellants' "Statement of Material Proceedings and Facts" is improperly argumentative, incomplete, and misleading, the 45th District Court offers the following Counter-Statement of Facts.

A. Formation of the 45th District Court and Detrimental Impact of Appellants' Historical Refusal to Fund the 45th District Court

The 45th District Court (formerly 45B District Court) was created on January 1, 1975 by the Michigan Legislature pursuant to Public Act 145 of 1974 and served Huntington Woods, Oak Park, Pleasant Ridge, and Royal Oak Township. See MCL 600.8123(4). Oak Park served as the control unit with the courthouse and related facilities being located within the political boundary of Oak Park. Contrary to Appellants' claim, and as further described herein, the municipalities never reached an agreement regarding an expense or cost sharing formula. Instead, the

municipalities deferred to the default mechanisms under MCL 600.8103, MCL 600.8104, MCL 600.8271, and MCL 600.8379 to govern their respective obligations.

However, from the very beginning, Appellants never complied with their statutory funding obligation. Oak Park, consequently, was left with no other choice but to subsidize the costs and expenses for the operation of the 45th District Court in order to keep the court services operational. See **Exhibit 2**, 4/5/1983 Oak Park Council Minutes, pg. 9-11. Notwithstanding Oak Park's efforts, it became impossible for the 45th District Court to operate in an efficient and safe manner per the requirements and guidelines set by SCAO without proportional funding from all the municipalities. See, e.g., **Exhibit 3**, 1983 Statement of Need; see also **Exhibit 2**, 4/5/1983 Oak Park Council Minutes, pg. 9-11. Consequently, SCAO conducted an independent study to evaluate the deficient court facilities resulting from inadequate funding. **Exhibit 4**, SCAO Management Assistance Report.

SCAO determined that the 45th District Court does not meet the requisite standards to transact business in an organized, expeditious, and safe manner. **Exhibit 4**, SCAO Management Assistance Report. Specifically, the functional activity areas within the 45th District Court—e.g., the courtrooms, case processing area and cashier's station—are substantially "smaller than in other courts in southeast Michigan, and fall below recommended standards." **Exhibit 4**, SCAO Management Assistance Report, pg. 9. The judge's chambers are severely limited, permitting only three or less individuals in the office at any time. **Exhibit 4**, SCAO Management Assistance Report, pg. 2-4. The courtrooms lack sufficient seating and spatial capacity to fully accommodate jurors, litigants, and counsel, resulting in an overflow of visitors into adjacent hallways where prisoners are being held. **Exhibit 4**, SCAO Management Assistance Report, pg. 2-4.

This has impeded court proceedings and the timely resolution of matters. **Exhibit 4**, SCAO Management Assistance Report, pg. 2-4; **Exhibit 5**, 2008 Court Facility Needs Analysis, pg. 4. Additionally, the small court facility "does not allow for adequate separation of opposing parties which often leads to altercations. Victims, witnesses, families and defendants must share the same public waiting area, small hallway and limited courtroom seating." **Exhibit 5**, 2008 Court Facility Needs Analysis, pg. 3-4.

Further, without adequate funding from all municipalities, the 45th District Court lacks the required staff to efficiently and timely manage the increase in case-flows. This has resulted in substantial congestion in the case-processing area and "jeopardizes the security of the public, judges, staff and defendants." **Exhibit 4**, SCAO Management Assistance Report, pgs. 3, 6; see also **Exhibit 5**, 2008 Court Facility Needs Analysis, pg. 3-5. Additionally, the facilities are not completely accessible to individuals with physical disabilities. **Exhibit 4**, SCAO Management Assistance Report, pg. 4.

Thus, as evident from the above, the lack of funding has resulted in the 45th District Court falling below SCAO's standards for physical, personnel, and fire safety. **Exhibit 4**, SCAO Management Assistance Report, pg. 4.

Such conditions have afflicted the 45th District Court going back to 1983 and continue to persist 30 years later to the present day. **Exhibit 3**, 1983 Statement of Need; see also **Exhibit 5**, 2008 Court Facility Needs Analysis. Despite the 45th District Court's and Oak Park's request to Appellants for financial assistance, the Appellants refuse to meet their statutory obligation to proportionally contribute to the financing, maintenance, or operation of the 45th District Court.

B. Appellants' Statutory Obligation to Fund the 45th District Court

With the 45th District Court located in Oak Park, the remaining political subdivisions of Huntington Woods, Pleasant Ridge, and Royal Oak Township are statutorily designated as district funding units proportionately responsible for the expenses of maintaining and financing the operation of the 45th District Court. MCL 600.8104; MCL 600.8271. Contrary to Appellants' claim, the parties never had an "agreement" pursuant to MCL 600.8104(3) whereby Appellants were relieved of their statutory funding obligation.

First, as Appellants previously conceded and the Michigan Court of Appeals confirmed, there is no written agreement among the parties that waived Appellants' obligation to fund the 45th District Court or otherwise altered the statutory funding scheme. **Exhibit 1**, Opinion at pgs. 7-8. Oak Park's historical funding of the 45th District Court over the years does not change this finding.

Second, for an "agreement" under MCL 600.8104(3) to become effective, such "agreement" must be approved by resolution adopted by all governing bodies for the respective political subdivisions and will only be enforced "for such period *stated* in that agreement." MCL 600.8104(3) (emphasis added). Neither Huntington Woods nor Oak Park, however, passed a resolution expressly waiving Appellants' funding obligations. A simple reading of Huntington Woods' December 17, 1974 resolution to which Appellants referred in their Application for Leave is completely lacking of any reference to waiving the city's funding obligations. Thus, not only is there an absence of a written agreement for a stated period of time, but there is absolutely no unanimous resolutions among all funding units waiving the statutory funding obligations.

Because the parties never had an "agreement" pursuant to MCL 600.8104(3), Appellants are subject to the funding obligations as set forth in MCL 600.8271, which provides that:

> The governing body of **each district funding unit shall annually appropriate**, by line-item or lump-sum budget, funds for the

> operation of the district court in that district. However, before a governing body of a district funding unit may appropriate a lump-sum budget, the chief judge of the judicial district shall submit to the governing body of the district funding unit a budget request in line-item form with appropriate detail. [MCL 600.8271(1) (emphasis added).]

To properly apportion each district funding unit's share of the operational expenses for the 45th District Court, the Michigan Court Rules set forth the applicable formula for allocation of costs in third-class districts. See MCR 8.201.

Specifically, MCR 8.201(A) provides that the proper share of the costs to be borne by each political subdivision is determined through the application of the following formula:

> (the number of cases entered and commenced in each political subdivision divided by the total number of cases entered and commenced in the district) multiplied by the total cost of maintaining, financial and operating the district court. [MCR 8.201(A)(3).]

Accordingly, all funding units, including Appellants, are responsible for, and obligated to fund, the 45th District Court by contributing financial assistance based on the above formula. See MCL 600.8271(1). Even if a budget is never presented to the respective funding units, this does not waive the cities' continuing funding obligation and each city is nonetheless required to financially contribute to the 45th District Court when presented with a budget. *Id.*; see also **Exhibit 1**, Opinion at pg. 7.

C. The 45th District Court Fully Complies with its Statutory Obligations

Because of the chronic underfunding, the 45th District Court assessed two specific fees—court building construction fee and retiree healthcare fee—to partially compensate for the underfunding. Particularly, between 1995 and 2012, the 45th District Court collected the two

fees and remitted the revenue to Oak Park to hold in *designated funds*[2] which were used for the benefit of, and exclusive use by, the 45th District Court.

Meanwhile, as for all other revenue that that the 45th District Court collected from statutory fines and costs, the 45th District Court distributed such monies to Huntington Woods, Oak Park, Pleasant Ridge, and Royal Oak Township pursuant to the statutory formula in MCL 600.8379(1)(c). Particularly, the 45th District Court complied with its statutory obligation, which required, in pertinent part that:

> In districts of the third class, all fines and costs, other than those imposed for the violation of a penal law of this state or ordered in a civil infraction action for the violation of a law of this state, shall be paid to the political subdivision whose law was violated, except that where fines and costs are assessed in a political subdivision other than the political subdivision whose law was violated, 2/3 shall be paid to the political subdivision where the guilty plea or civil infraction admission was entered or where the trial or civil infraction action hearing took place and the balance shall be paid to the political subdivision whose law was violated. [MCL 600.8379(1)(c).]

Irrespective of its underfunding, the 45th District Court nonetheless complied with this statutory distribution requirement, while also marginally supporting itself through the collection of the two fees and other fee, fines, and costs collected, provided to Oak Park, and later appropriated by Oak Park for 45th District Court operating expenses.

This method of collection and distribution of revenue was without dispute or challenge from Huntington Woods, Pleasant Ridge or Royal Oak Township until July 1, 2012 when the former 45B District Court was statutorily abolished and replaced by the current 45th District Court. MCL 600.8123(4). The restructuring of the 45th District Court was the result of a Judicial

[2] In their Application for Leave, Appellants portray these fees as being sent to Oak Park to be held in Oak Park's general fund for city use. However, the collected fees are specifically dedicated for, and may only be used by, the 45th District Court for its retiree health care costs and court facility construction. The money was never "paid to Oak Park;" rather, the 45th District Court entrusted Oak Park to hold the funds in specific court-only related accounts.

Resources report from SCAO. Because of the new legislation, the district funding units and the 45th District Court reviewed the funding and operation of the 45th District Court. Thereafter, the 45th District Court began mistakenly distributing, pursuant to MCL 600.8379(1)(c), a portion of the collected court building construction fee and the retiree healthcare fee.

However, as the Michigan Court of Appeals held, the monies assessed and collected for the building construction fee and retiree healthcare fee are not "costs" subject to the provisions of MCL 600.8379. **Exhibit 1**, Opinion at pg. 9. Rather, such assessments "come within the statutory definition of 'fee,'" which entitles the 45th District Court to retain all funds collected. **Exhibit 1**, Opinion at pg. 9. Given that the classification of the assessments as costs or fees is a question of law, and not a question of fact, the Michigan Court of Appeals further held that discovery is unnecessary and would shed no additional light on the matter. Accordingly, the court facility and retirement fees collected, which are designated and used solely for the purpose of maintaining, financing, and operating, are not to be distributed to the Appellants.

III. LAW AND ANALYSIS

A. Standard of Review

A ruling regarding summary disposition is reviewed de novo. *Henderson v State Farm Fire & Casualty Co*, 460 Mich 348, 353; 596 NW2d 190 (1999). Appellants' claims were dismissed pursuant to MCR 2.116(C)(10).

A motion brought under subsection (C)(10) tests the factual support of the claim. *Downey v Charlevoix Co Bd of Co Road Comm'rs*, 227 Mich App 621, 625-626; 576 NW2d 712 (1998). In deciding a (C)(10) motion, the court must consider the pleadings, affidavits, depositions, admissions and other documentary evidence. *Id.* at 626. The court may not assess credibility or make findings of fact, but rather, it must consider, from all reasonable inferences from the record evidence, whether a genuine issue of any material fact exists to warrant a trial.

Id. Furthermore, the non-moving party may not rest upon the mere allegations of denials of his pleading, but must by affidavits or as otherwise provided in MCR 2.116, set forth specific facts showing that there is a genuine issue for trial. MCR 2.116(G)(4). Thus, "[a] litigant's mere pledge to establish an issue of fact at trial cannot survive summary disposition under MCR 2.116(C)(10)." *Maiden v Rozwood*, 461 Mich 109, 120; 597 NW2d 817 (1999). Where the proffered evidence fails to establish a genuine issue regarding material fact, as it does in this case, the moving party is entitled to judgment as a matter of law. See MCR 2.116(C)(10), (G)(4).

Furthermore, a review of a trial court's interpretation of a statute is de novo, but "when the language in a statute is clear and unambiguous [the court] do[es] not engage in judicial interpretation and the statute must be enforced as written." *City of Rockford v 63rd Dist Court*, 286 Mich App 626, 627; 781 NW2d 145 (2009) (citations omitted). To give effect to the intent of the Michigan Legislature while construing the language of a statute, "every word or phrase should be accorded its plain and ordinary meaning unless defined in the statute." *Id.* Accordingly, every word and phrase used in the statute shall be "read in context with the *entire act* and assigned such meanings as to *harmonize with the act as a whole*." *Id.* (emphasis added).

B. Appellants Have a Statutory Obligation to Fund the 45th District Court

1. The clear and unambiguous language of the Revised Judicature Act of 1961 require Appellants to fund the 45th District Court

The Revised Judicature Act of 1961, Act 236 of 1961 (the "Act"), outlines the powers, duties, and responsibilities relating to Michigan state courts and the jurisdictions in which they sit. The Act, as a whole, sets forth a comprehensive structure that, among other directives, establishes the statutory obligation for district court funding regarding districts of the third class.

As described above, the statutes therein are to be construed as a whole and read in context with the entire Act, thereby giving effect to the intent of the Michigan Legislature. *Traffic Jam & Snug, Inc v Michigan Liquor Control Com*, 194 Mich App 640, 644-645; 487 NW2d 768 (1992).

Appellants, however, endeavor to mislead the Court with an interpretation of the Act that misconstrues the relationship and context of MCL 600.8104 and MCL 600.8271, which is inapposite to the Legislature's intent. Particularly, Appellants' lengthy review of these two provisions fails to consider the specific language in the statutes and the respective cross-sectional references, which limits and qualifies the general rule of MCL 600.8104 with the exceptions set forth in MCL 600.8271. As further described below, Appellants' claim that any interpretation of these two statutes that is inconsistent with their view will 'completely obliterate' the purpose of MCL 600.8104 is simply incorrect and incompatible with the general principle that interpretations should not render any part of a statute nugatory.

The Act, as a whole, clearly and unambiguously mandates that the district funding units are to share in the expenses of maintaining, financing, and operating the 45th District Court. When the relevant statutes are read together, instead of individually as advocated by Appellants, the intent of the Michigan Legislature is clear. The Act states, in relevant part:

> A district of the third class is a district consisting of 1 or more political subdivisions within a county and in which each political subdivision comprising the district is responsible for maintaining, financing and operating the district court within its respective political subdivision except as otherwise provided in this act. [MCL 600.8103(3) (emphasis added).]
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> * * *
>
> Except as otherwise provided in this act, a district funding unit shall be responsible for maintaining, financing, and operating the court only within its political subdivision. In districts of the third class a political subdivision shall not be responsible for the expenses of maintaining, financing, or operating the district court . . . incurred in any other political subdivision except as provided by

> section 8621 and *other provisions of this act*. [MCL 600.8104(2) (emphasis added).]

Appellants, however, essentially argue that the Court's review of the Act should stop here. They want the Court to disregard the "except as otherwise provided in this act" language, and confine its focus exclusively to the phrase "a political subdivision shall not be responsible for" the costs of the district court. While it is true MCL 600.8104 generally limits a funding unit's obligation to fund the district court, such limitations are not absolute exclusions. Rather, they are subject to the remainder of the other provisions in the Act. Thus, given that the Act is interpreted as a whole and in accordance with the doctrine of *in pari materia*, the Court's analysis must include the "other provisions" which the Legislature intentionally referenced.

As provided in "other provisions" of the Act, all district funding units are statutorily obligated to fund the operation of the district court in that district, regardless if the court is located within the political subdivision. Specifically, MCL 600.8271 requires that:

> The governing body of each **district funding unit shall annually appropriate**, by line-item or lump-sum budget, funds for the operation of the district court in that district. However, before a governing body of a district funding unit may appropriate a lump-sum budget, the chief judge of the judicial district shall submit to the governing body of the district funding unit a budget request in line-item form with appropriate detail. A Court that receives a line-item budget shall not exceed a line-item appropriation or transfer funds between line items without the prior approval of the governing body. A court that receives a lump-sum budget shall not exceed that budget without the prior approval of the governing body. [MCL 600.8271(1) (emphasis added).]

Unlike the general rule in MCL 600.8104, which contains qualifying language limiting funding obligations pursuant to other provisions of the Act, MCL 600.8271 inclusively and specifically sets forth the funding units' responsibilities. Particularly, the funding units are required to fund the operation of the district court to the extent of their proportional share as requested by the district court in its budget. As the Michigan Court of Appeals recognized, this

statutory funding responsibility is mandatory, as opposed to permissive, given the Legislature's use of the term "shall," instead of "may." **Exhibit 1**, Opinion at pg. 7. Thus, to adopt Appellants' interpretation that cities are "*never* responsible for the financing of a district court that sits outside [their] boundaries" would effectively render MCL 600.8271, and its mandatory funding directive, useless and unnecessary.

Accordingly, to avoid rendering nugatory the Legislature's inclusion of, and reference to, MCL 600.8271, Appellants "shall annually appropriate, by line-item or lump-sum budget, funds for the operation of the district court in the district." MCL 600.8271. Unless the district funding units agree otherwise pursuant to MCL 600.8104(3), the allocation of costs among the district funding units shall be divided proportionally based on the number of cases arising from each district funding unit. MCR 8.201; *Judges of 74th Judicial Dist v County of Bay*, 385 Mich 710, 726; 190 NW2d 219 (1971) ("Where a judicial district consists of more than one district control unit, each unit is required to contribute to the expenses of the court.").

Appellants' claim that such sharing only occurs if there is an agreement among the funding units pursuant to MCL 600.8104(3) again misconstrues the relationship of the statutes. Particularly, MCL 600.8104(3) sets forth another exception to the default rules of MCL 600.8104(2) and MCL 600.8271—i.e., the funding units may agree to alter and otherwise structure how the costs of the district court will be allocated among the funding units. However, in the absence of such an agreement, which is the case here, all funding units are responsible to fund the district court pursuant to the default mechanism of MCL 600.8271 and the proportional allocation of expenses in MCR 8.201. Thus, unless and until the parties enter an agreement in

accordance with the strictures of MCL 600.8104(3),[3] the Act unambiguously requires Appellants to unconditionally fund the 45th District Court.

2. Appellants' funding obligation under MCL 600.8271 is calculated pursuant to MCR 8.201

The Michigan Court Rules' Allocation of Costs in Third-Class Districts—MCR 8.201 – details the method by which costs are allocated. The following procedural formula sets forth the manner in which the district courts can calculate each funding units' proportional share of costs and their respective obligations to fund:

> (the number of cases entered and commenced in each political subdivision divided by the total number of cases entered and commenced in each political subdivision divided by the total number of cases entered and commenced in the district) multiplied by the total cost of maintaining, financing, and operating the district court. [MCR 8.201(A)(3).]

Appellants' claim that applying MCR 8.201 effectively exceeds the Court's constitutional authority is misguided and contrary to the rules of statutory construction.

Particularly, statutory provisions cannot be read in isolation, but instead must be read reasonably and in context to avoid unreasonable results. *Sun Valley Foods Co v Ward*, 460 Mich 230, 236-237; 596 NW2d 119 (1999). MCL 600.8271 is the exclusive statute which addresses the funding and operation of district courts, and it requires cost allocation among the political subdivisions pursuant to specific requests set by the district court (i.e., court submitted budget). Contrary to Appellants' claim, the district courts' use and application of MCR 8.201 to formulate these budgets and allocate costs is nothing more than practice and procedure of the courts. MCR 8.201 merely provides an established framework for the district courts to calculate each funding

[3] For an agreement to "become effective such agreement[] must be approved by resolution adopted by the governing body of the respective political subdivisions entering into the agreement, and upon approval such agreement[] shall become effective and binding in accordance with, to the extent of, and for such period stated in that agreement." MCL 600.8104(3).

units' proportional responsibility to financially contribute to the operation of the district courts. MCL 600.8271 substantively requires Appellants to fund the 45th District Court. MCR 8.201 is a procedural vehicle to execute those statutory mandates.

Therefore, based on the foregoing, the Act clearly and unambiguously requires all funding units, including Appellants and Royal Oak Township to fund the 45th District Court.

3. Appellants' funding obligation is not satisfied by the court revenue sharing formula under MCL 600.8379

Appellants attempt to persuade this Court to believe that they indeed met their statutory funding obligation by allowing the 45th District Court to retain two-thirds of revenues arising from civil infractions that occurred within Appellants' jurisdictions.[4] Essentially, Appellants are arguing that MCL 600.8379(1)(c) supersedes and replaces the funding obligations in MCL 600.8271. However, as the Michigan Court of Appeals aptly held, "[n]othing in MCL 600.8379 supports" Appellants' argument. **Exhibit 1**, Opinion at pg. 7. "Section 8379 provides a formula for revenue sharing, but does not indicate that the revenue allocation satisfies the district funding unit's obligation." **Exhibit 1**, Opinion at pg. 7. Thus, Appellants' misinterpretation of the statutes is without merit and contrary to the tenets of statutory construction.

As described above, when interpreting statutes, courts must harmonize different provisions of the same statute, and construe statutes in *pari materia* to give the fullest effect to each provision. *Parks v DAIIE*, 426 Mich 191, 199; 393 NW2d 833 (1986). Meaning must be given to all sections of the statue to avoid unreasonable results such as nullifying one provision by applying an overly broad interpretation of another provision. See *Koenig v City of South Haven*, 460 Mich 667, 677; 597 NW2d 99 (1999); see also *State Farm Fire and Cas Co v Old*

[4] In direct contradiction to Appellants' claim that MCL 600.8104 absolves the funding units from funding the district court, Appellants' argument that the money shared pursuant to MCL 600.8379 satisfies their funding obligation inherently concedes that all funding units indeed have an affirmative obligation to fund the district court.

Republic Ins Co, 446 Mich 142, 146; 644 NW2d 715 (2002). Accordingly, each provision must be read in context of the entire statute and not in isolation. *Sun Valley Foods Co*, 460 Mich at 236-237.

Here, Appellants' obligation to finance, maintain, and support the 45th District Court is not limited by the fines and costs the 45th District Court collects pursuant to MCL 600.8379(1)(c). Section 8379, which addresses the distribution of fines and costs collected by the court—not the costs incurred by the court—provides in pertinent part:

> In districts of the third class, all fines and costs, other than those imposed for the violation of a penal law of this state or ordered in a civil infraction action for the violation of a law of this state, shall be paid to the political subdivision whose law was violated, except that where fines and costs are assessed in a political [subdivision] other than the political subdivision whose law was violated, 2/3 shall be paid to the political subdivision where the guilty plea or civil infraction admission was entered or where the trial or civil infraction action hearing took place and the balance shall be paid to the political subdivision whose law was violated. [MCL 600.8379(1)(c).]

This above statutory framework only addresses the manner in which the 45th District Court should distribute funds. It is neither a means by which the district funding units can benchmark their funding contribution to the 45th District Court nor a substitute for the obligation to annually appropriate (either by lump-sum or line-item budget) funds for the operation of the 45th District Court. For Appellants to claim otherwise and argue that the money retained pursuant to MCL 600.8379(1)(c) satisfies their obligation essentially nullifies the funding directives of MCL 600.8271(1).

Because MCL 600.8379 does not pertain to district court funding (but rather distribution of certain court revenues), Appellants cannot rely upon it as a substitute for their responsibility under MCL 600.8271. MCL 600.8379 establishes, and exclusively relates to, a revenue sharing

formula for the money collected by the district courts. The statute has no bearing on, or relation to, the financing or operation of the district courts

To adopt Appellants' broad interpretation of MCL 600.8379(1)(c) would mean that funding for district courts is accomplished only through the one-thirds, two-thirds distribution process, thereby rendering the budget process of MCL 600.8271 and MCR 8.201 superfluous. In order to avoid such unreasonable results and ensure both statutes have meaning, funding units must comply with MCL 600.8271 to satisfy their funding obligations. Accordingly, until Appellants actively contribute to the support of the 45th District Court in accordance with the requirements of MCL 600.8271 and MCR 8.201, these municipalities remain at variance with their statutory obligation.

Moreover, the money the 45th District Court received from the collection of the court building construction fee and the retiree healthcare fee did not discharge Appellants' statutory funding obligation. While the money collected may aid in defraying the expenses and operating deficit of the 45th District Court due to the lack of adequate funding, it was substantially insufficient to cover the district funding units' obligations. Appellants are statutorily required to share in the 45th District Court's expenses and contribute on a proportional basis pursuant to MCR 8.201 to the finance, maintenance, and operation of the 45th District Court. While the two fees may have reduced the ultimate cost of the court operations to be borne by Appellants, Appellants have an independent obligation to support the 45th District Court.

The Michigan Court of Appeals, properly construing the Act to harmonize all the relevant statutes, clearly determined this distinction in responsibilities and obligations in MCL 600.8271 and MCL 600.8379 as intended by the Michigan Legislature. Based on the clear and unambiguous language of the above statutes, it is unnecessary to engage in further judicial

interpretation, for the Michigan Court of Appeals correctly enforces the statute as written. Because this is a matter of statutory interpretation, no additional discovery is necessary to determine the parties' rights and obligations. Accordingly, the Application for Leave should be denied.

4. There was never an agreement modifying the default funding requirements or otherwise waiving Appellants' obligation to fund the 45th District Court

Appellants' claim that there was an agreement waiving or otherwise modifying Appellants' funding obligation under MCL 600.8271 is also misleading and incorrect.

First, and most tellingly, there is no written agreement or any corroborating evidence to support Appellants' position that all parties entered into an agreement. Appellants have failed to produce an agreement, and Oak Park has specifically stated that a diligent search of its records confirmed there was indeed no agreement or related resolution pertaining to the funding and operation of the 45th District Court. **Exhibit 1**, Opinion at pgs. 7-8. Further, Oak Parks' 1983 Resolution "clearly indicates that there was no agreement between the communities." **Exhibit 1**, Opinion at pg. 7; see also, **Exhibit** 2, 4/5/1983 Oak Park Council Minutes, pg. 9-11.

Second, even if there was an alleged "agreement," it nonetheless fails to meet the requirements of MCL 600.8104(3) to be effective and enforceable. Specifically, pursuant to MCL 600.8104(3), all parties to an "agreement" must approve the terms thereof by a resolution adopted by the governing body of the respective political subdivisions. MCL 600.8104(3). Oak Park, however, never adopted such a resolution, nor did Huntington Woods as Appellants claim. **Exhibit 1**, Opinion at pgs. 7-8. A close reading of the resolution on which Appellants rely demonstrates that the only waiver in Huntington Woods' 1974 resolution is with respect to the location of the court facilities within the city's political jurisdiction. It does not, directly or

implicitly, waive or otherwise modify Huntington Woods' funding obligation. See Appellants' Brief, Exhibit B.

Third, MCL 600.8104(3) expressly provides that any "agreement" will be effective "to the extent of, and for such period *stated* in that agreement." MCL 600.8104(3) (emphasis added). Thus, the statute specifically requires that any "agreement" must be in writing, or at the very least, the duration of such "agreement" must be stated in writing. Not only is there an absence of a written agreement among the parties, but there is also no stated duration of any alleged "agreement." A fact which is highlighted by Oak Park's request for financial assistance from Huntington Woods and Pleasant Ridge in 1983. See **Exhibit 2**, 4/5/1983 Oak Park Council Minutes, pg. 9-11. Thus, because the comprehensive legislation prescribes detailed requirements for an "agreement" to become effective and enforceable, failure to meet the requirements of MCL 600.8104(3) preclude Appellants from establishing an agreement.[5] **Exhibit 1**, Opinion at pg. 8.

Therefore, in the absence of an agreement to the contrary, the funding units are required to annually appropriate funds to the 45th District Court in accordance with MCL 600.8271 and based on the allocation of costs pursuant to MCR 8.201(A)(3).

C. The Fees Collected for Retiree Healthcare and Court Building Construction Funds are not Subject to Distribution pursuant to MCL 600.8379(1)(c)

1. Money collected for the Retiree Healthcare and Court Building Construction Funds are fees, thus the 45th District Court is not required to allocate the money pursuant to MCL 600.8379(1)(c)

[5] The Michigan Court of Appeals also held that any attempt to claim there was an implied-in-fact agreement also fails for want of consideration. Appellants' alleged agreement "lacks consideration, because plaintiffs do not promise anything in exchange for their relief from their obligation to provide financial support. Accordingly, plaintiffs cannot establish the existence of a valid contract limiting their financial obligations to the one-third/two-thirds revenue sharing provision." **Exhibit 1**, Opinion at pg. 8.

The Michigan Court of Appeals correctly held that the charges assessed for the court building construction fund and the retiree healthcare fund are indeed "fees" as opposed to "costs;" therefore, they are not subject to distribution. **Exhibit 1**, Opinion at pg. 9.

a) The charges assessed are neither fines nor costs, but are fees

The Michigan Legislature distinguishes between "costs" and "fees," and specifically identifies in the respective statutes which monetary charges constitute a "cost." Unless expressly identified as, and serves the purpose of, a cost, fine, or otherwise, any additional monetary assessment by the district court is construed as a "fee." See, e.g., MCL 600.4801(b) ("'Fee' means any monetary amount, *other than costs or a penalty*") (emphasis added). Thus, regardless of how the Appellants now try to label the money collected for the two funds, such assessments were never expressly defined by statute or ordinance as a cost. Rather, they were specifically identified as "fees" and served the limited purpose of funding the respective court building construction and retiree healthcare funds. See **Exhibit 6,** Oak Park City Council Meeting Minutes Adopting Resolution.

Appellants' reliance on *People v Cunningham*, Docket No. 147437, and the recent amendments to MCL 769.1k to dispute the classification of the assessed charges as fees are without merit and irrelevant to the matter at hand. **Exhibit 1**, Opinion at pg. 11. The *Cunningham* decision is limited to statutory interpretation of a single provision within Michigan's Code of Criminal Procedure (i.e., MCL 769.1k(1)(b)(ii)), which is distinguishable from the statutes, charters, ordinances and resolutions applicable in this present matter. MCL 769.1k addresses a trial court's authority to impose costs when sentencing a criminal defendant. In the matter before this Court, neither of these issues have any relevance to the interpretation and definition of a "fee." **Exhibit 1**, Opinion at pg. 11.

Further, Appellants' claim that MCL 600.4801, which expressly defines a "fee," is inapplicable to the qualification of the two charges assessed by the 45th District Court again runs afoul of the basic principles of statutory construction. The Act, as a whole, must be considered together and all statues construed therewith, which includes harmonizing Chapters 81 through 88 of the Act with Chapter 48. Appellants attempt to disregard the clear definition of a "fee" in Chapter 48, and instead use its own "logical deductions" to conjure an entirely new definition to serve their purpose. However, Appellants' selective references to, and limited readings of, portions of the Act create inconsistencies among the provisions, thereby rendering the Legislature's original intent useless. The Michigan Court of Appeals rejected such contradictory results by reading the Act, and all of its chapters, together as one law in accordance with the principle of *in paria materia*. Given that the classification of the assessments as costs versus fees is not a question of fact, but a question of law, discovery is unnecessary and interpretation of the statutes is for the court only. Thus, pursuant to its review, the Michigan Court of Appeals correctly held that the "monies assessed and collected for the building fund and the retiree healthcare fund are not "costs" under MCL 600.4801(a)." **Exhibit 1**, Opinion at pg. 9. Accordingly, such assessments come within the statutory definition of "fee[.]"**Exhibit 1**, Opinion at pg. 9.

b) As fees, the 45th District Court is entitled to retain all money collected for purposes of the two funds

In construing Michigan statutes, the "principle of *expression est unius exclusion alterius* is well recognized throughout Michigan jurisprudence." *Feld v Robert & Charles Beauty Salon*, 435 Mich 352, 362; 459 NW2d 279 (1990). Thus, when a statute expresses one thing, it must mean the exclusion of another, for "when people say one thing they do not mean something else." *Id.*

As this principle relates to the issue at hand, MCL 600.8379(1)(c) specifically and limitedly addresses "fines and costs" when detailing the distribution and retention policies of money collected by the district court. At no point does the statute refer to "fees" or tangentially address the notion that "fees" are to be included within the meaning of "fines and costs." The money collected for the retiree healthcare and court building construction funds is a fee, which is distinguishable and separate from a fine, cost and penalty. See, e.g., MCL 600.4801(b) ("'Fee' means any monetary amount, *other than costs or a penalty*") (emphasis added). Thus, the claims asserted by Appellants that the fees for the retiree healthcare fund and the court building construction fund are subject to distribution pursuant to MCL 600.8379(1)(c) are contrary to Michigan jurisprudence. To find otherwise would lead to a result not intended by the Michigan Legislature, given that the statute intentionally refers to "fines and costs" to the exclusion of "fees."

Furthermore, the 45th District Court has imposed these fees to fund retiree healthcare and court building construction for approximately eighteen years without dispute from Huntington Woods, Pleasant Ridge, or the SCAO. Since 1995, the funds have been fully accounted for and spent appropriately. Appellants now attempt to portray the collection of these fees as covert and "unbeknownst" to the municipalities. However, from the very beginning, the 45th District Court and Oak Park have been annually audited, and the fees have been publicly adopted through resolution by Oak Park. See **Exhibit 6**, Oak Park City Council Meeting Minutes Adopting Resolution. Between 1995 and 2012, Huntington Woods and Pleasant Ridge never challenged the 45th District Court's collection practice or asserted that the money collected for the purposes of these particular funds were anything other than a fee, nor has there been any assertion that the

amounts were used for any purpose other than for the Court. Huntington Woods and Pleasant Ridge cannot now assert entitlement to the fees collected and expended for Court operations.

Accordingly, the Michigan Court of Appeals properly held that the fees assessed, designated, and collected by the 45th District Court for the district court building construction and those fees specifically designated for court retiree healthcare expenses are not subject to the allocation formula of fines and costs specified in MCL 600.8379(1)(c), but instead, must be used for Court expenses.

IV. CONCLUSION

Therefore, for the foregoing reasons, Appellants' Application for Leave lacks merit as the Michigan Court of Appeals correctly determined that Appellants are district funding units statutorily responsible for funding the 45th District Court and that the fees collected for the court building construction fund and retiree health care fund are not subject to distribution. Therefore, the 45th District Court respectfully requests that this Honorable Court deny Appellants' Application for Leave to Appeal.

Respectfully submitted,

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